

Press Briefing On **1996 Income, Poverty, and Health Insurance Estimates**

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Welcome to the press briefing on the 1996 income, poverty, and health insurance coverage estimates. [\(Chart\)](#) Your press packets contain a press release, a copy of my remarks, a copy of the charts I will be using today, and the three reports we are releasing today. Additional unpublished detailed tables can be obtained from the Census Bureau directly or on our web site.

Let me introduce some of the analysts who worked on the reports; they will be available to answer your questions after the briefing: Charles Nelson (Assistant Division Chief), Kathleen Short (Chief of the Poverty and Health Statistics Branch), Edward Welniak (Chief of the Income Statistics Branch), and the primary authors of the reports, Robert Bennefield, Robert Cleveland, Carmen DeNavas-Walt, and Leatha Lamison-White.

Please hold your questions unless it's a technical clarification. The main presentation should take less than 30 minutes.

Let me first summarize the main findings. [\(Chart\)](#) For the second consecutive year, households in the United States experienced an annual increase in their real median income. Between 1995 and 1996, median household income adjusted for inflation increased 1.2 percent, to \$35,492. Despite this increase in income, the number of poor and the poverty rate remained statistically unchanged — the number of poor in 1996 was 36.5 million people, a poverty rate of 13.7 percent. Finally, 41.7 million people lacked health insurance coverage in 1996, up 1.1 million from 1995, but the percentage without health insurance remained statistically unchanged at 15.6 percent.

Data from the March Supplement to the Current Population Survey or CPS are the basis for these statistics. The CPS is a sample survey of approximately 50,000 households nationwide, conducted each month for the Bureau of Labor Statistics. These data reflect 1996 and not current conditions.

As in all surveys, the data in these reports are estimates, subject to sampling variability and response errors. All statements made in the reports and in this briefing have been tested statistically. All historical income data are expressed in 1996 dollars using the Consumer Price Index; inflation was 3.0 percent between 1995 and 1996. The poverty thresholds are updated each year for inflation as well; for a family of four in 1996 the threshold was \$16,036, for a family of three, \$12,516.

This chart presents the key estimates of median household income. [\(Chart\)](#) As I noted earlier, median income for all U.S. households rose 1.2 percent or \$410 between 1995 and 1996 to \$35,492. The South was however the only region where households experienced a significant increase in income — 1.8 percent.¹

After adjusting for inflation, median household income is now only 2.7 percent below its 1989 level, the most recent business cycle peak. Overall, median household income has risen 15 percent since 1967, the first year

¹ The difference between the 1995–1996 percent changes in median household income for the United States and the South was not statistically significant.

household median income was computed. (Chart) As was true last year, the increase in income was broad-based, covering both family and nonfamily households.

The poverty rate for all persons did not change statistically from 1995 to 1996 nor did the number of poor. (Chart) The poverty rate was 13.7 percent in 1996, and the number of poor was 36.5 million. Nor was there any change in any region. The number of poor is still 4.1 million above the 1989 level when 32.4 million people were poor and the poverty rate was 13.1 percent. (Chart) However, the number of poor is now 2.7 million people below its most recent peak of 39.3 million in 1993.

The explanation for why the poverty rate did not change while median income increased significantly lies in the distribution of income changes. This next chart shows the percentage increases for each family income quintile between 1995 and 1996. (Chart) As you can see, average income in the lowest quintile fell 1.8 percent, while the average income in the middle income quintile rose 1.5 percent, and average income in the top quintile rose 2.2 percent.² Focusing in on those at the bottom end — those with incomes less than half their poverty thresholds — we see that there was an increase in the number of these “very poor”. In 1996, 40 percent of all poor people, or 14.4 million people, had incomes less than half their threshold, compared to 13.9 million people in 1995 (the percentage very poor did not change; in 1996 it was 5.4 percent).

This next chart presents the changes in income by race and ethnicity. (Chart) The only significant change was an increase of 5.8 percent for Hispanic households, almost exactly counteracting the 5.1 percent decrease we observed between 1994 and 1995.

Per capita income shows an increase between 1995 and 1996 for all racial and ethnic groups (except Asian and Pacific Islanders, whose percentage change was actually not different from the other groups but whose small sample size prevents a definitive statement).

As this next chart for poverty shows, there were no changes in poverty for any racial or ethnic groups. (Chart) Blacks and Hispanics still had much higher poverty rates and lower incomes than Whites and Asian and Pacific Islanders. Nevertheless, as this pie chart shows, two-thirds of all poor are White and 45 percent of all poor are non-Hispanic Whites.

Children are 40 percent of the poor though they are but 27 percent of the total population. (Chart) Their poverty rate is higher than for any other age group, 20.5 percent in 1996, unchanged from 1995. Poverty for children has been at or above 20 percent since the early 1980’s.

The real median earnings of women who worked full time, year round increased by 2.4 percent between 1995 and 1996, while that for comparable men fell by 0.9 percent. As a consequence, the ratio of female-to-male earnings for full-time year-round workers reached a new all-time high, of 74 percent. (Chart) The last time year-round full-time male workers experienced an increase in their median earnings was in 1991.

This is the third consecutive year in which there was no year-to-year change in overall income inequality — there was no statistically significant change in quintile income shares between 1995 and 1996 nor did the Gini index, a second measure of income inequality, show a change between 1995 and 1996.

However, the long-term trend in the U.S. has been toward increasing income inequality. (Chart) This chart illustrates the increasing share of household income received by the highest income quintile — 49.0 percent in 1996 but only 43.8 percent in 1967. It also illustrates the declining share of those in the bottom quintile — 4.0 percent in 1967 down to 3.7 percent in 1996. These changes together mean that the middle 60 percent of the income distribution (roughly those households with incomes between \$15,000 and \$68,000 in 1996) has received a declining share over this period — from 52.3 percent of income in 1967 down to 47.4 percent in 1996. The Gini index is now 14 percent above its 1967 level.

Based on a comparison of two-year moving averages, real median household income grew between 1994 and 1996 for nine states and fell for three. (Chart) In the same period, five states had a drop in their poverty rate while three showed an increase.

² The difference between the 1995–1996 percent increase for the middle and top quintiles was not statistically significant.

The Census Bureau also produces a series of experimental estimates of income, in an attempt to gauge the effect on income and poverty of noncash benefits and taxes, which are not considered in the official measures. Seventeen experimental definitions of income are computed, and tables based on those results are presented in the reports.

The Bureau's research in this area has shown that the distribution of income is more equal under a broadened definition that takes into account the effects of taxes and noncash benefits than under the official cash income definition. Government benefits play a much more equalizing role on income than do taxes.

Valuing noncash benefits and subtracting taxes also affects the estimated poverty rate. [\(Chart\)](#) Under the broadened definition of income, the estimated poverty rate was 10.2 percent or 27.1 million people, compared to 13.7 percent and 36.5 million people under the official income definition. Regardless of the method chosen to measure income, as you can see in this chart, the pattern of poverty change over time is similar.

Research is underway at the Census Bureau and the Bureau of Labor Statistics to examine recent recommendations of the National Academy of Sciences for changing the official poverty definition. We have a special Internet web site that presents research to date.

The remaining topic I will cover today is health insurance coverage. [\(Chart\)](#) The number of people without health insurance coverage in 1996 was 41.7 million, 1.1 million more people than in 1995, or 15.6 percent of the population, a proportion unchanged from 1995. The proportion of poor people without health insurance coverage was 30.8 percent, also not different from last year and about double the rate for all persons. Young adults, those with low educational attainment, and Hispanics were the demographic groups most likely to lack coverage. Coverage rates rose in two states and fell in six states.

The number of uninsured children grew to 10.6 million (14.8 percent of all children) in 1996; both the number and percentage were higher than in 1995. [\(Chart\)](#) The number of poor children without health insurance was 3.4 million (23.3 percent of all poor children), both statistically unchanged from 1995. More than one-fifth (21.8 percent) of all children were covered by Medicaid.

Let me again summarize the main findings. For the second consecutive year, households in the United States experienced an annual increase in their real median income. Between 1995 and 1996, median household income adjusted for inflation increased 1.2 percent, to \$35,492. Despite this increase in income, the number of poor and the poverty rate remained statistically unchanged — the number of poor in 1996 was 36.5 million people, a poverty rate of 13.7 percent. Finally, 41.7 million people lacked health insurance coverage in 1996, up 1.1 million from 1995, but the percentage without health insurance remained statistically unchanged at 15.6 percent.

I'll be glad to answer your questions. Please identify yourself and your affiliation.

Income, Poverty, and Health Insurance: 1996

September 1997

U.S. Department of Commerce
Economics and Statistics Administration
Census Bureau

Highlights

Increase in median household income of 1.2 percent from 1995 to 1996

- \$35,492 in 1996

No change in number of poor and poverty rate

- 36.5 million poor
- 13.7 percent

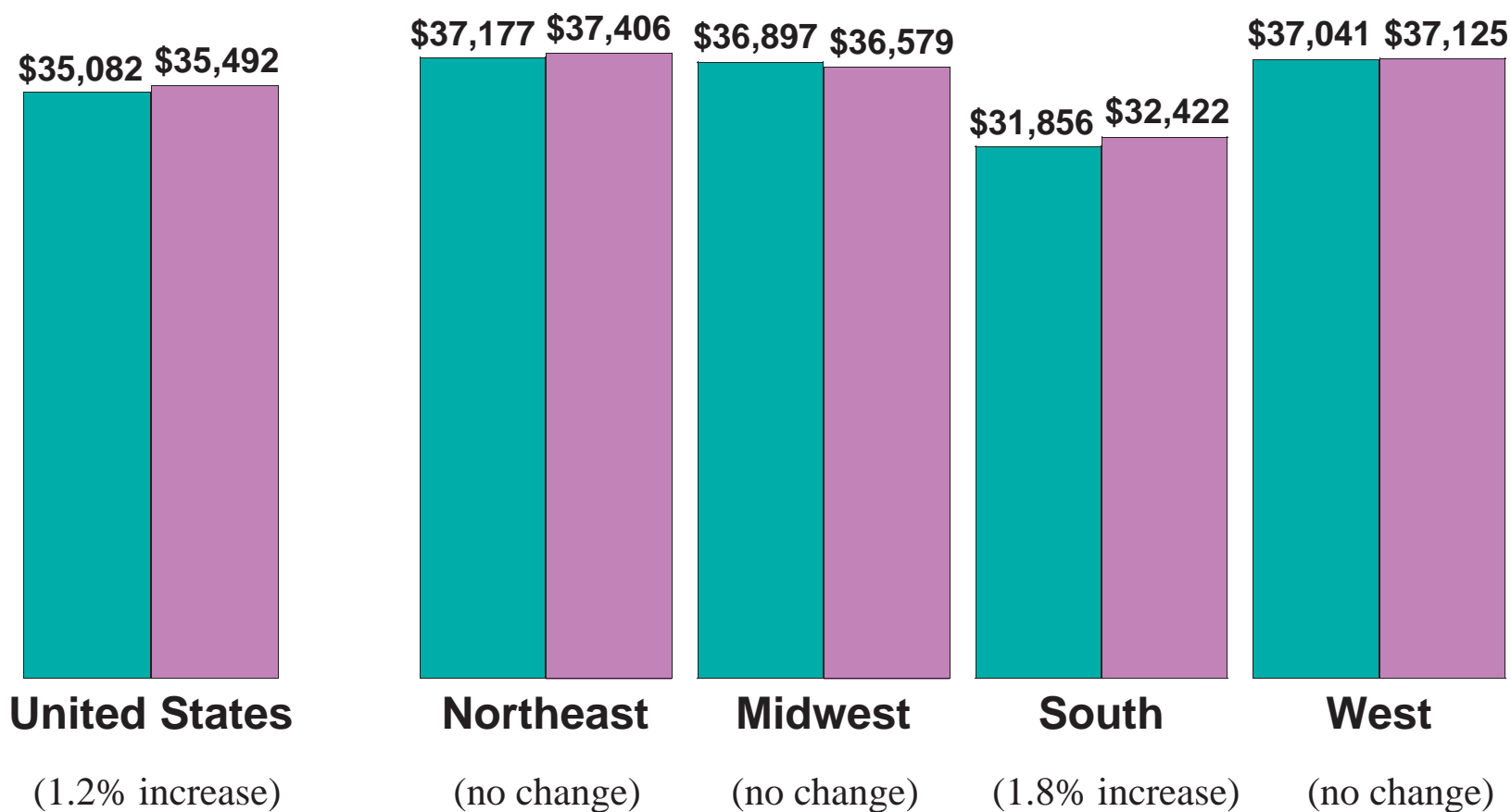
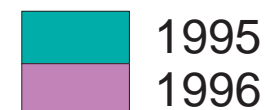
Increase in number of uninsured

- 41.7 million people without health insurance in 1996, increase of 1.1 million
- 15.6 percent of population, unchanged

Source: Census Bureau, March Current Population Survey.

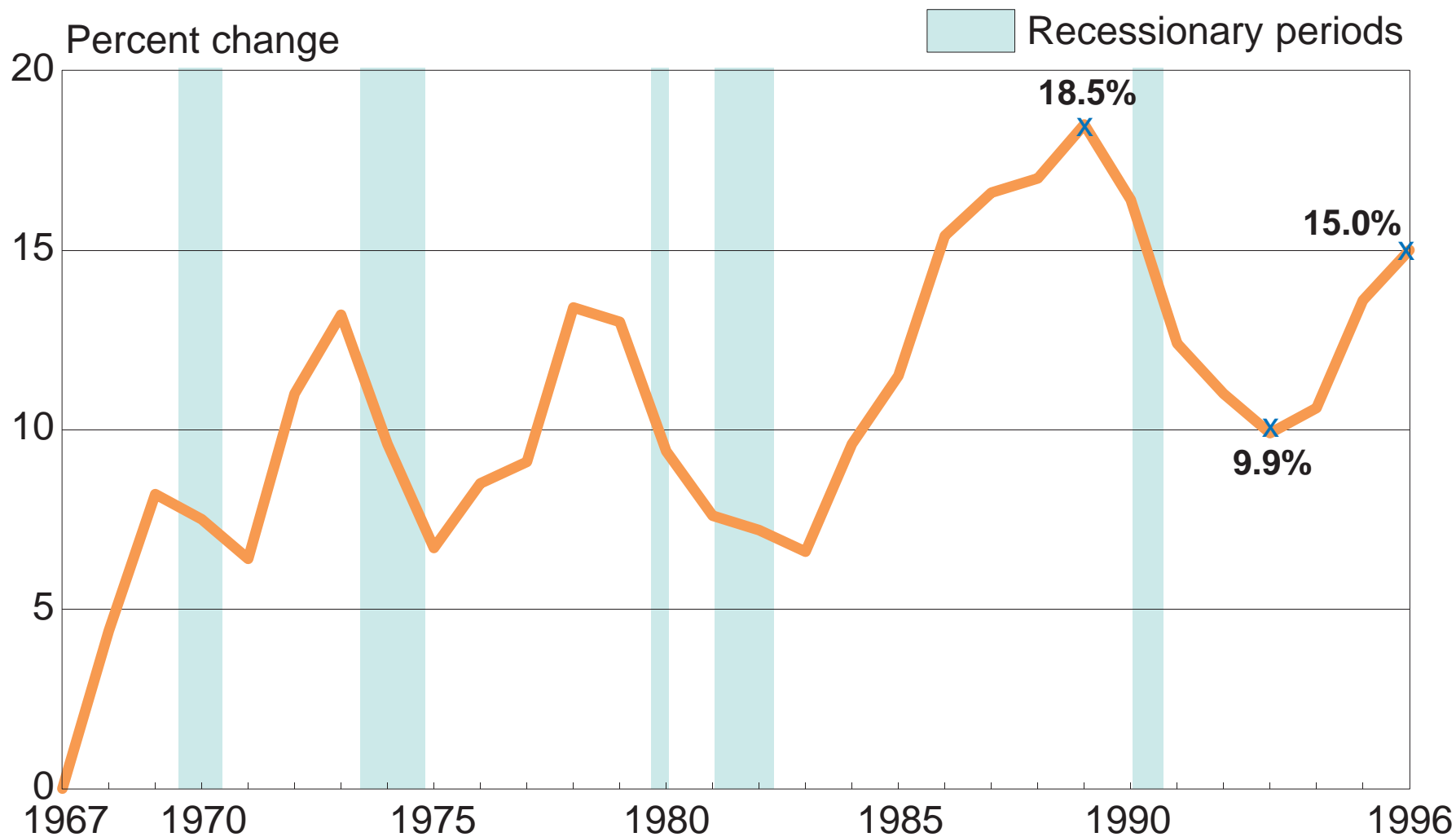
Median Household Income by Region: 1995 and 1996

(In 1996 dollars)



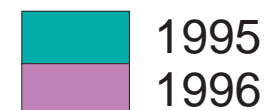
Source: Census Bureau, March Current Population Survey.

Percent Change in Real Median Household Income: 1967–1996

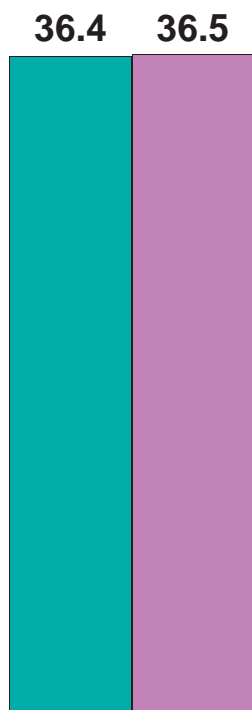


Source: Census Bureau, March Current Population Survey.

Persons in Poverty by Region: 1995 and 1996



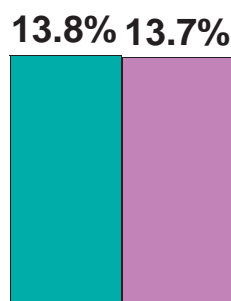
Number (millions)



United States

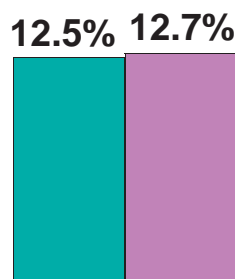
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Rates (percent)



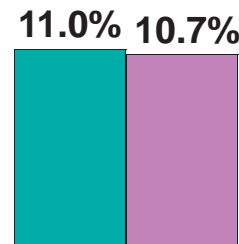
United States

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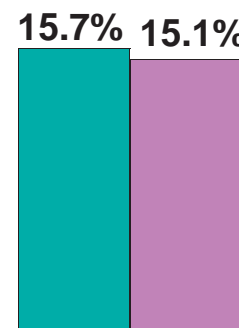
Northeast

(no change)



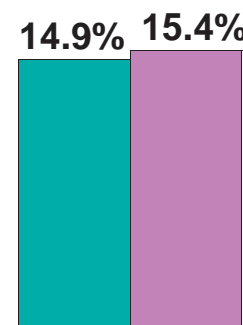
Midwest

(no change)



South

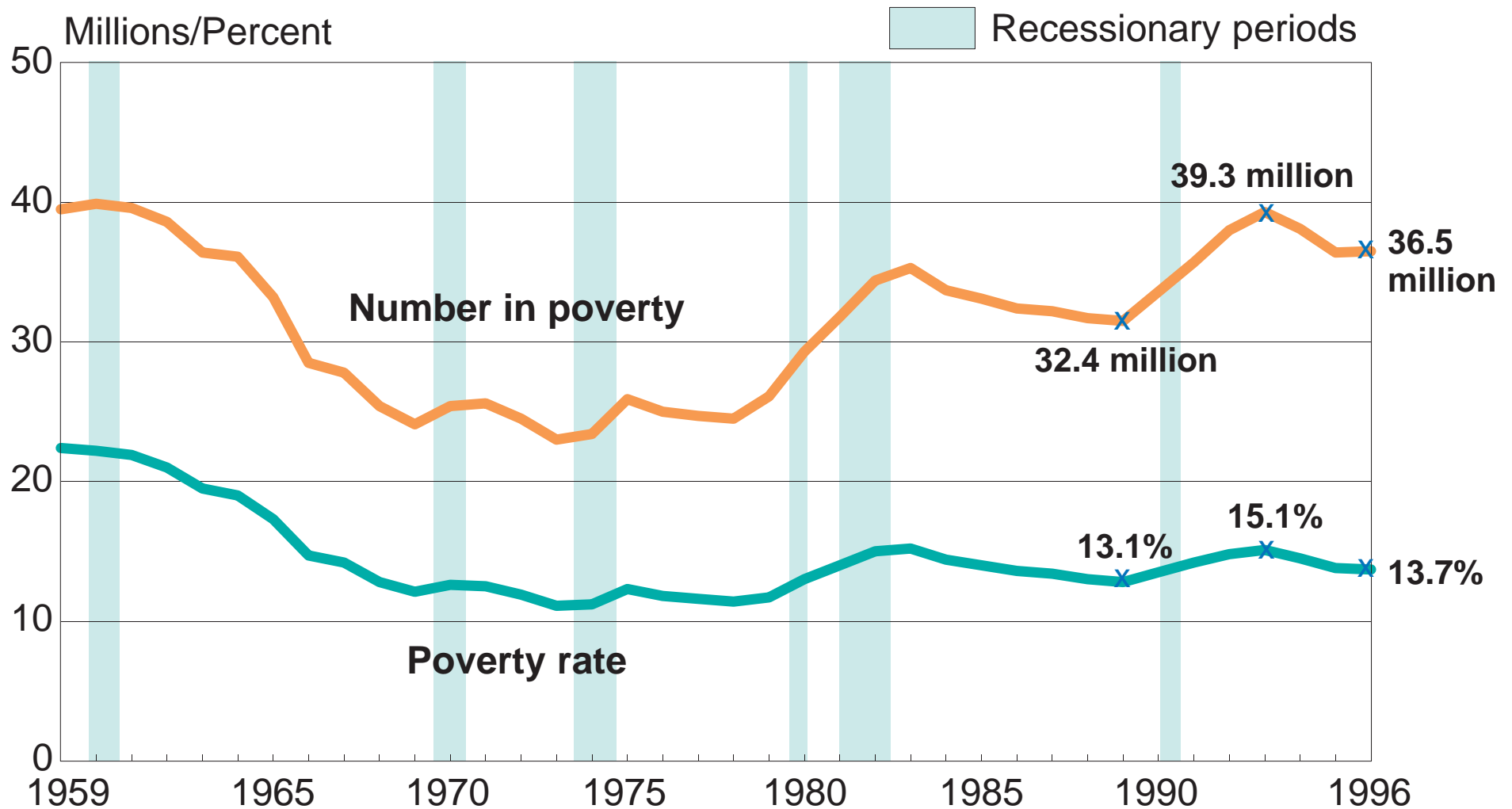
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West

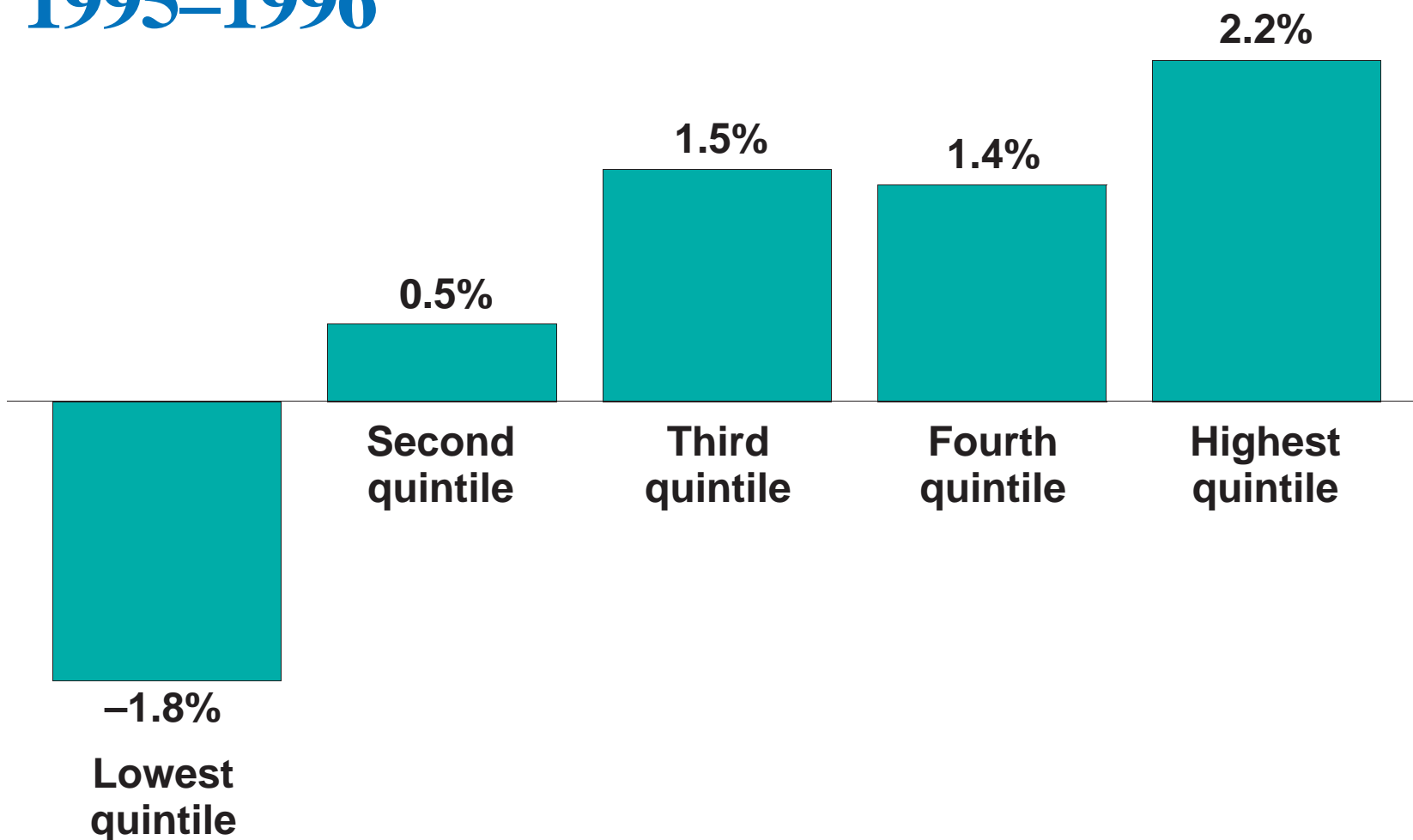
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Poverty: 1959–1996



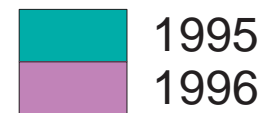
Source: Census Bureau, March Current Population Survey.

Percent Change in Real Average Family Income, by Quintile: 1995–1996

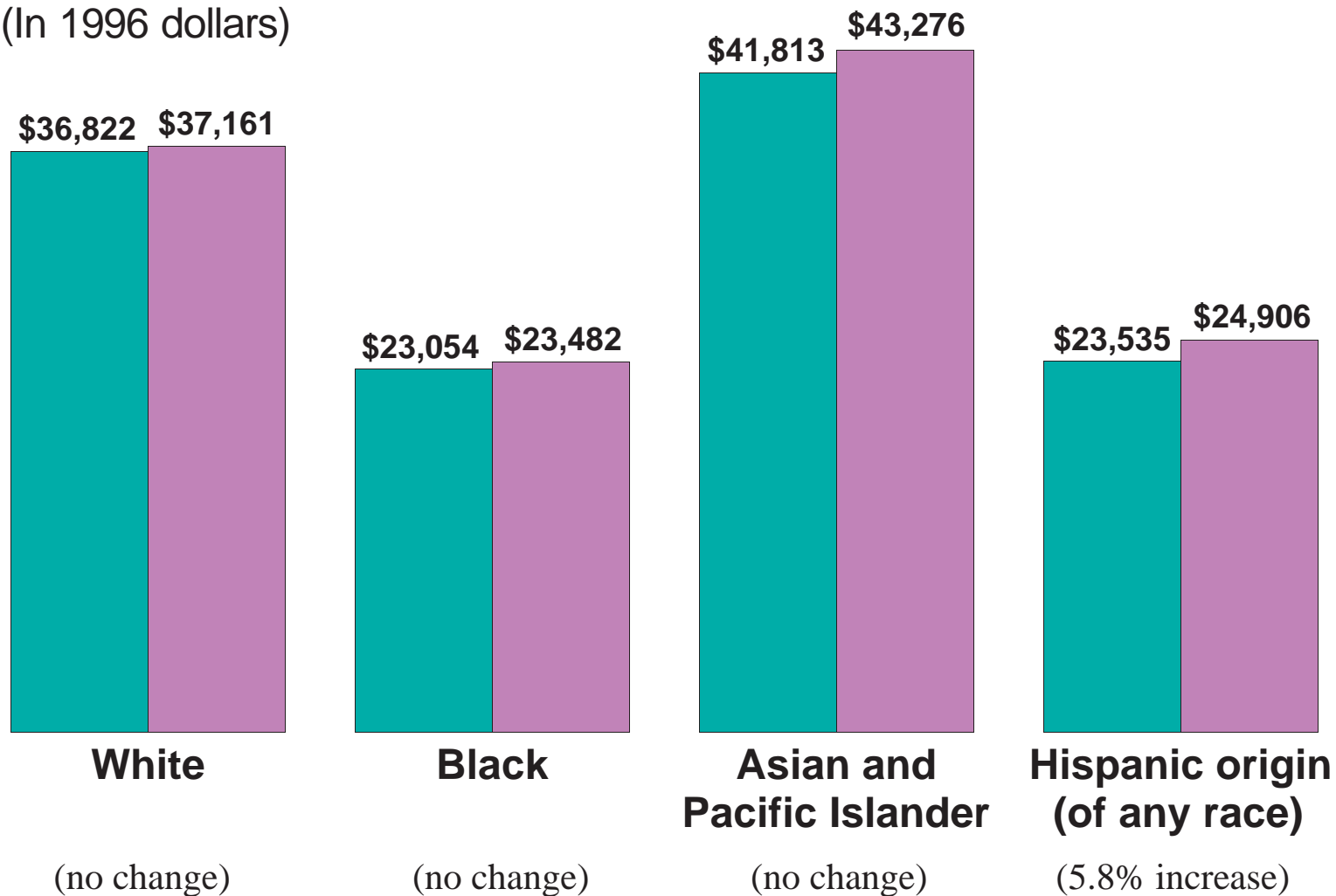


Source: Census Bureau, March Current Population Survey.

Median Household Income by Race and Hispanic Origin: 1995 and 1996



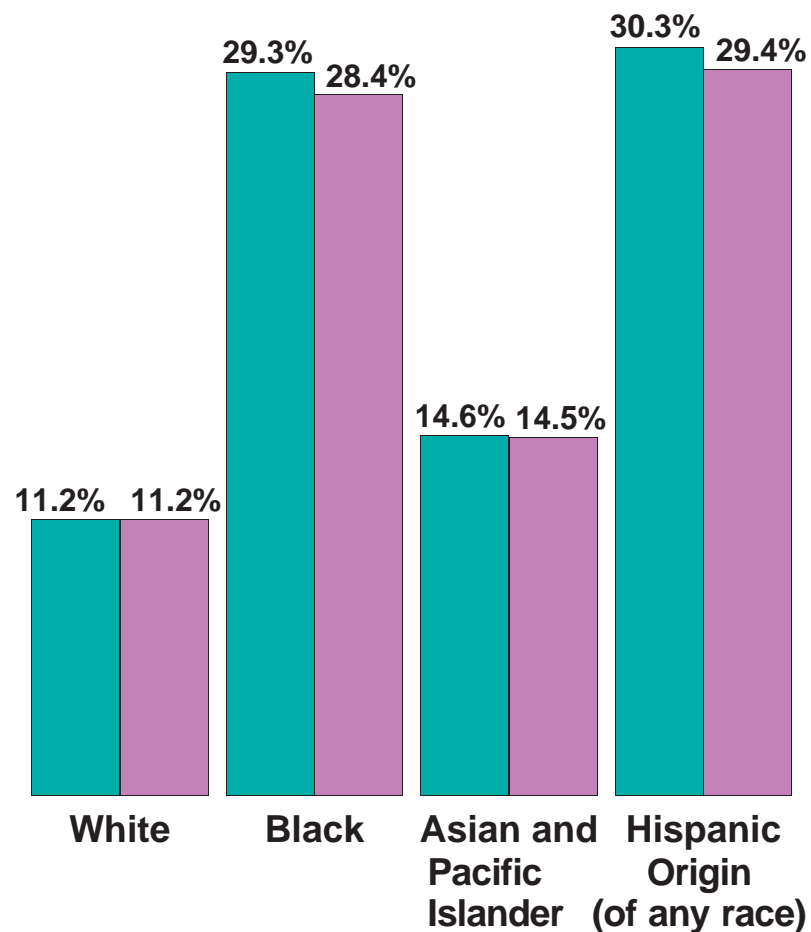
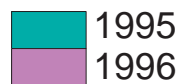
(In 1996 dollars)



Source: Census Bureau, March Current Population Survey.

Poverty Rates of People by Race and Hispanic Origin: 1995 and 1996

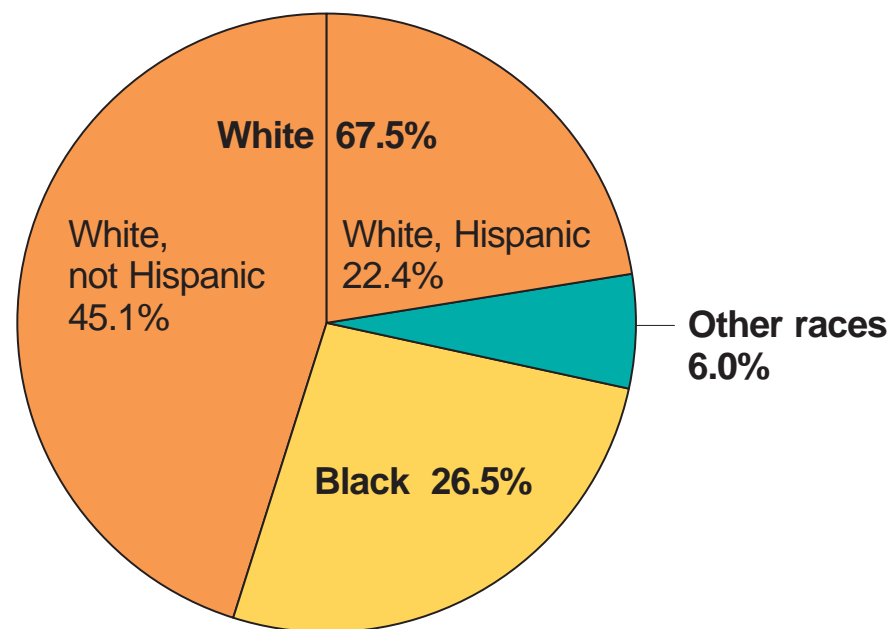
(Percent)



(no change) (no change) (no change) (no change)

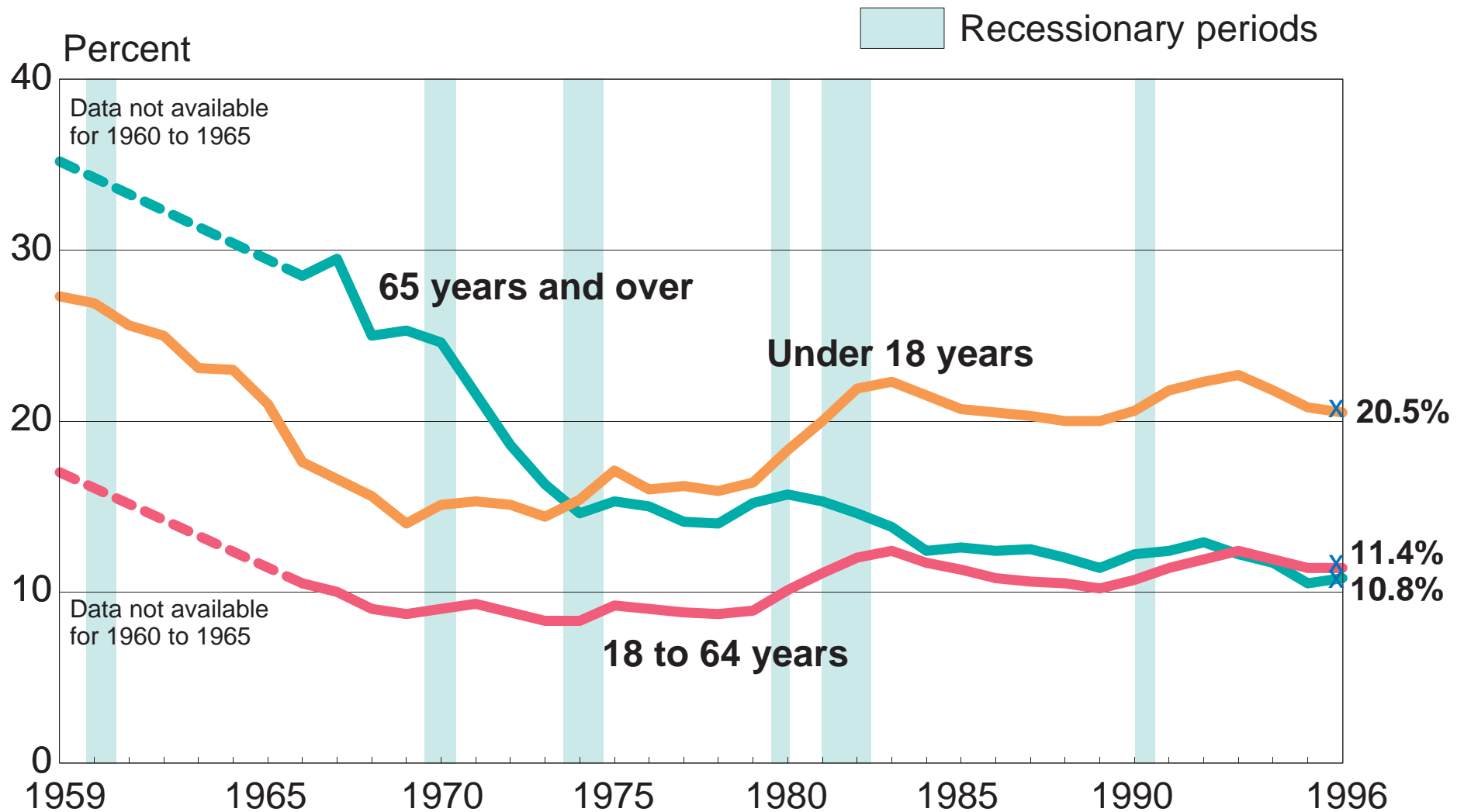
Source: Census Bureau, March Current Population Survey.

Proportion of People Below Poverty by Race: 1996



Note: Persons of Hispanic origin are 23.8 percent of the poor.

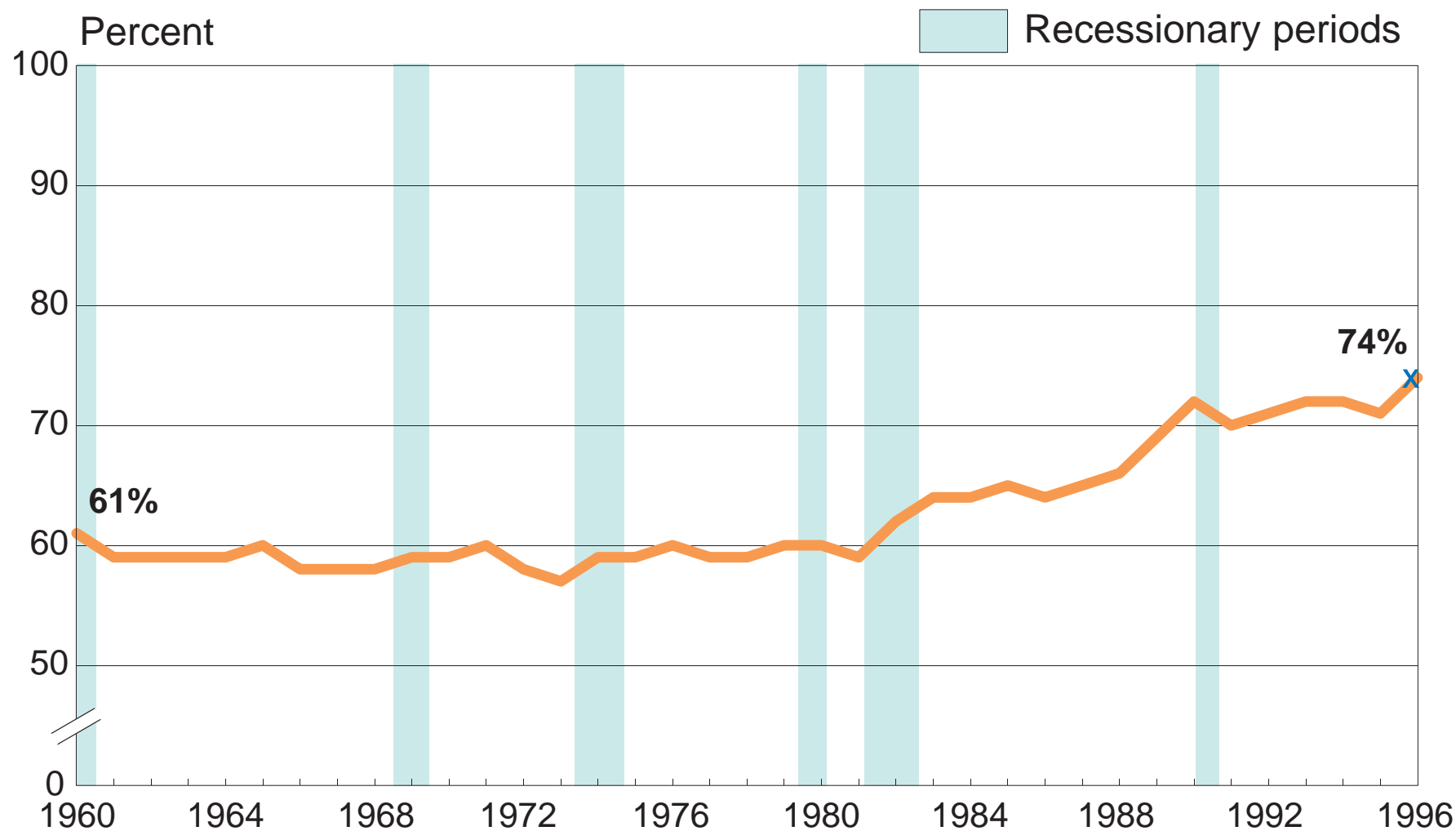
Poverty Rates by Age: 1959–1996



Source: Census Bureau, March Current Population Survey.

Women's Earnings as a Percentage of Men's Earnings: 1960–1996

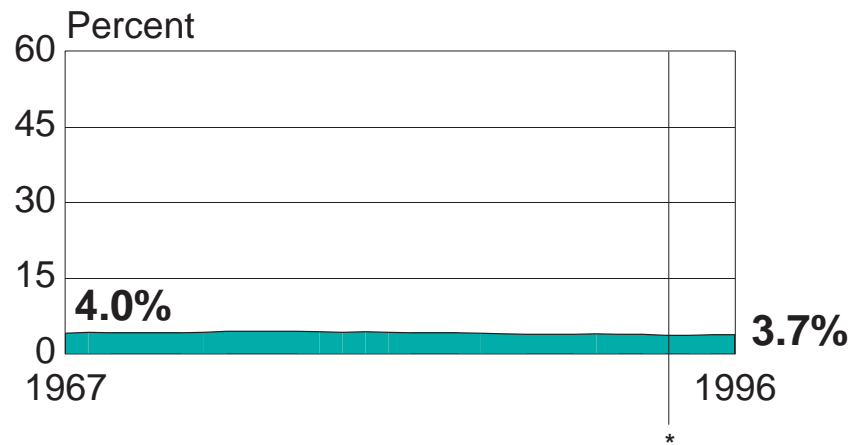
(Full-time, year-round workers)



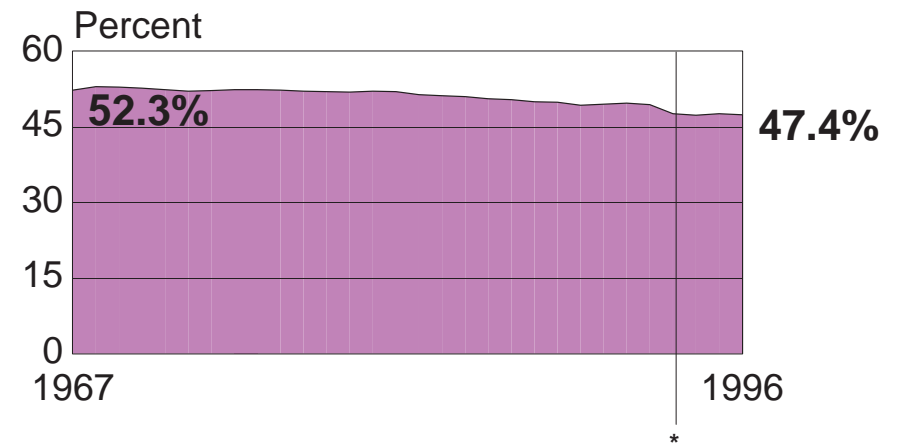
Source: Census Bureau, March Current Population Survey.

Share of Household Income: 1967–1996

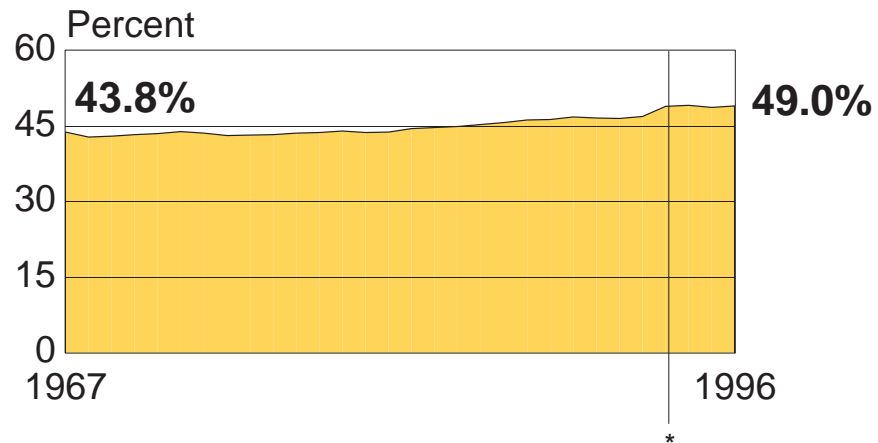
Lowest 20%



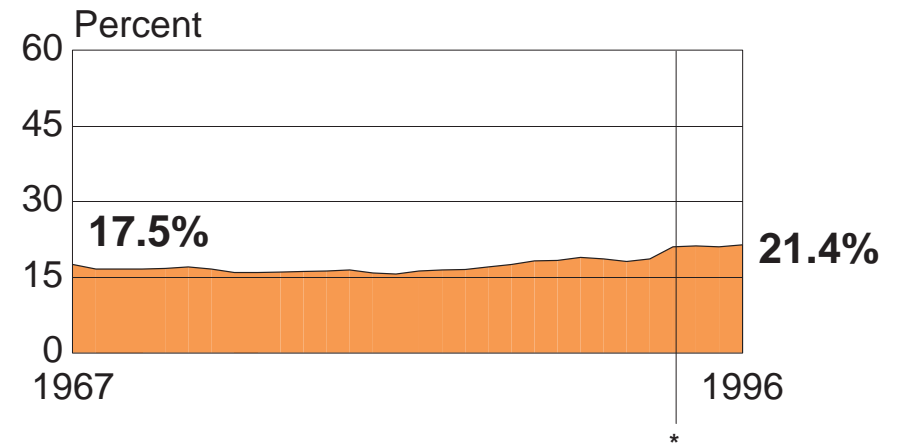
Middle 60%



Highest 20%



Highest 5%



* Introduction of computer-assisted personal interviewing (CAPI) and increased reporting limits for selected sources of income for 1993 affect comparability.

Source: Census Bureau, March Current Population Survey.

Changes by State: 1994–1996

Two-year moving averages

Median Household Income

■ Increase

Alaska	New York
Illinois	North Carolina
Indiana	Rhode Island
Kentucky	South Carolina
Minnesota	

■ Decrease

New Mexico
Vermont
Wyoming

Poverty Rate

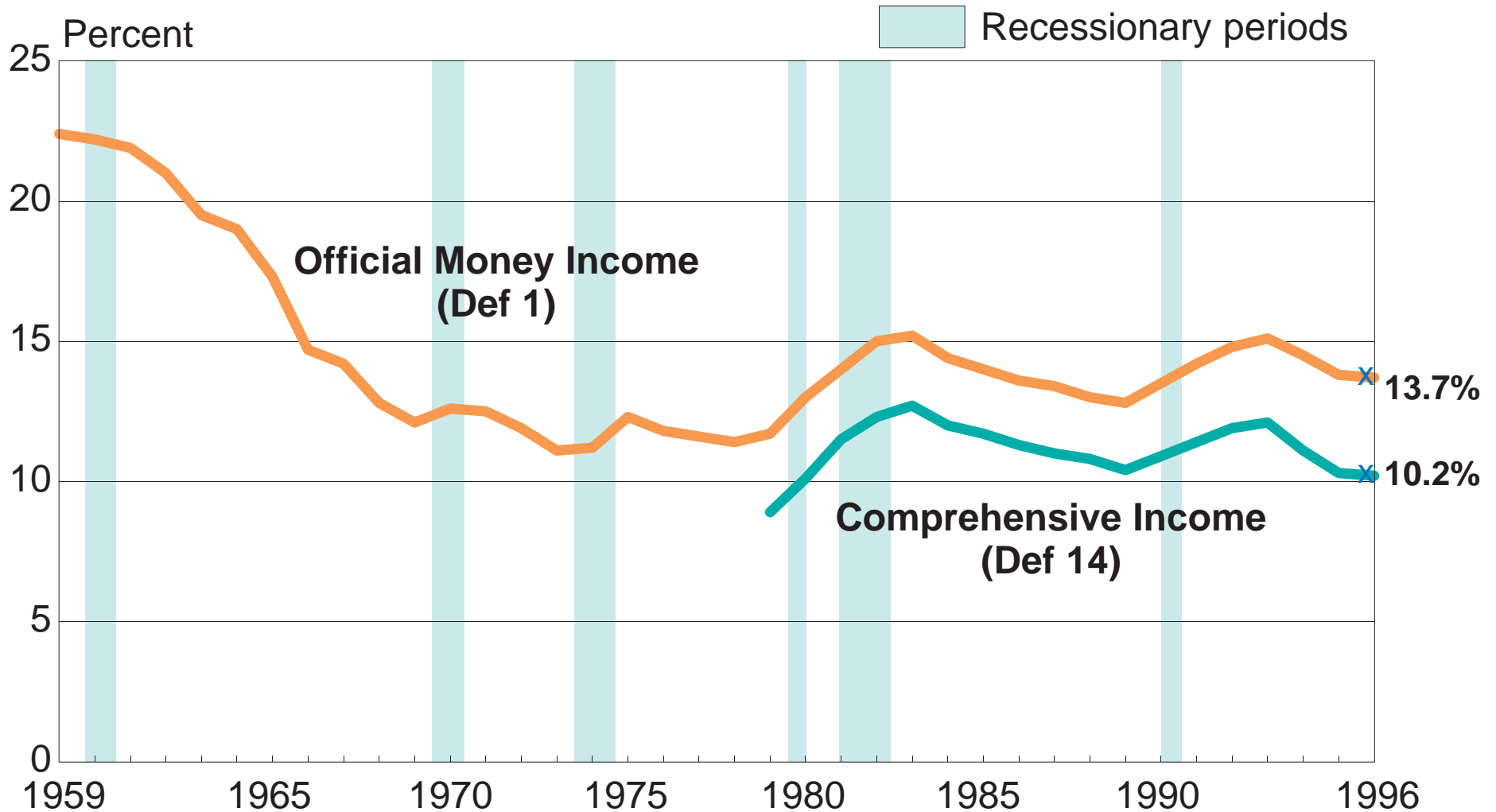
■ Decrease

Indiana	Michigan
Louisiana	Texas
Missouri	

■ Increase

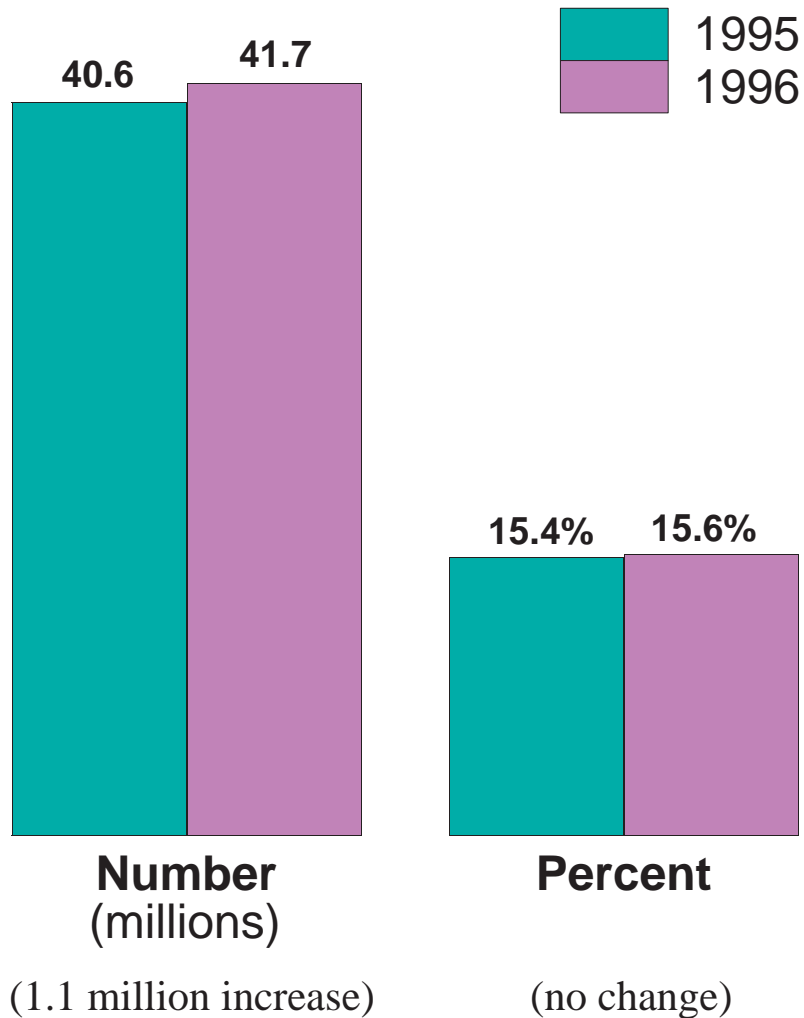
Arizona
Montana
Vermont

Poverty Rates Using Experimental Definitions of Income: 1959–1996



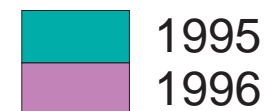
Source: Census Bureau, March Current Population Survey.

Persons Without Health Insurance Coverage: 1995 and 1996

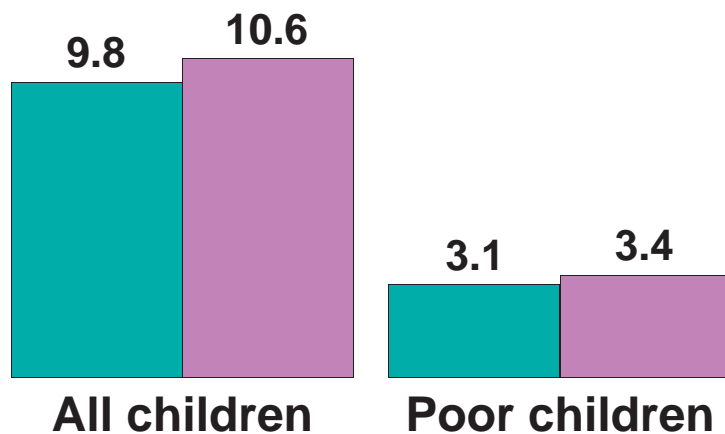


- **States with an increase in the coverage rate**
Alabama
Michigan
- **States with a decline in the coverage rate**
Arizona
Arkansas
Colorado
New Jersey
North Carolina
Tennessee

Children Without Health Insurance Coverage: 1995 and 1996



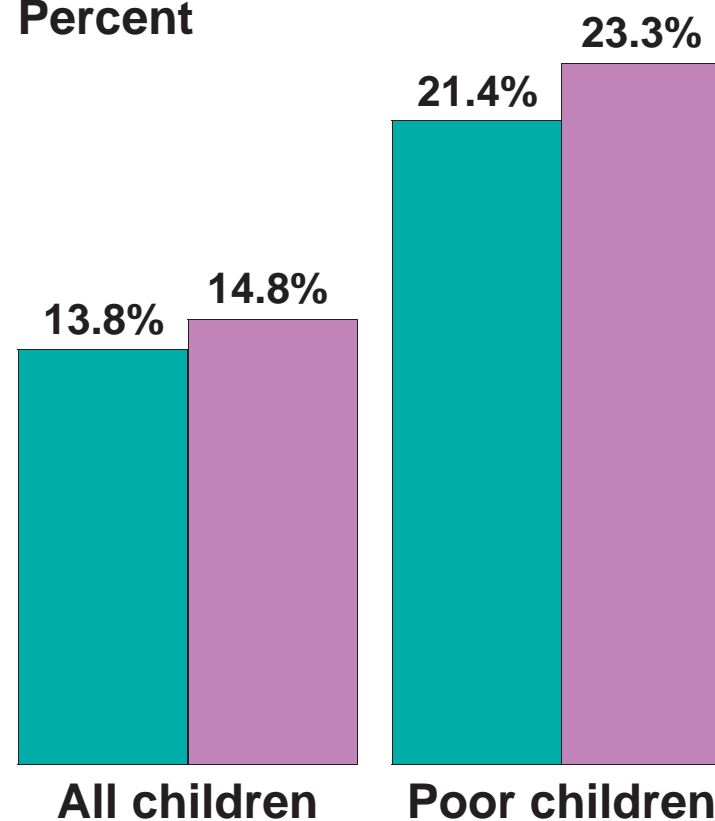
Number (millions)



(0.8 million increase)

(no change)

Percent



(1.0% increase)

(no change)

Source: Census Bureau, March Current Population Survey.